GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

STARRED QUESTION NO:348
ANSWERED ON:21.03.2001
PRICING MECHANISM
RATTAN LAL KATARIA

Will the Minister of AGRICULTURE be pleased to state:

(a) whether there is any proposal under consideration of the Government to link the pricing mechanism of farmers` produce to price index;

(b) if so, the details thereof; and

(c) the steps taken/proposed to be taken by the Government in this regard so far?

Answer

MINISTER OF AGRICULTURE (SHRI NITISH KUMAR)

(a) to (c) : A statement is laid on the Table of the Sabha.

THE STATEMENT REFFERED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 348 DUE FOR REPLY ON 21.03.2001.

(a) & (b) : No, Sir.

(c): The Government fixes each season the Minimum Support Prices (MSPs) for major agricultural commodities. The MSPs are decided by using methodology evolved over the years. The Government decides on the MSPs for various agricultural commodities taking into account the recommendations of the Commission for Agricultural Costs & Prices (CACP), the views of State Governments and Central Ministries as well as such other relevant factors, which in the opinion of the Government are important for fixation of the MSPs. While formulating its recommendations on price policy, the CACP considers various important factors, viz., cost of production, changes in input prices; Input/out price parity; trends in market prices; demand & supply situation; Inter-crop price parity; effect on industrial cost structure; effect on general price level; effect on cost of living; International market price situation; and parity between prices paid and prices received by the farmers (terms of trade).